



PUBLIC POLICY PARTNERS

Arizona Reports

[The Arizona Reports is a periodic publication produced by Public Policy Partners for the sole use of its clients in order to provide a general overview of the legislative and political landscape in Arizona. Information contained in this report is primarily compiled from the Arizona News Service Yellow Sheets, press releases and other Arizona news sources.]

PHOENIX MAYOR FILES PAPERWORK TO RUN FOR STATE OFFICE

Phoenix Mayor Greg Stanton recently filed papers to run for state office in Arizona. Mayor Stanton, a Democrat, is currently in his second term, which will end in 2019. However, if he decides to run for state office, he must resign by June, 2018. Before becoming mayor of Phoenix, he worked in the Attorney General's Office and served on the Phoenix City Council for nine years. Because of a new state law that sets deadlines requirements for elected officials of municipalities to transfer money from existing campaign accounts into state office accounts, Mayor Stanton complied, indicating he could run for secretary of state or another statewide office, such as governor. Michele Reagan, Republican Secretary of State, last month filed paperwork to run for another term in 2018.

GOVERNOR APPOINTS NEW BOARD OF REGENTS MEMBER

A new member has been appointed to the Arizona Board of Regents by Governor Doug Ducey. Flagstaff Lyndel Manson was appointed the Board of Regents seat. She will represent northern Arizona, replacing LuAnn Leonard, the first Native American to serve on the board, who was appointed in 2008 by former Governor Janet Napolitano. Ms. Manson is a former investment banking analyst and market analyst. She has served as president and treasurer of the board of directors of Northland Preparatory Academy. Governor Ducey said, "I look forward to working with Lyndel on higher education issues. Her experience in finance, marketing and education, and her long-standing connection to the Northern Arizona community will serve our public university system well". Northern Arizona Regent President Rita Cheng said, "We appreciate Governor Ducey's appointment of a Northern Arizona Regent, reflecting the statewide importance of Arizona's public university system. Mrs. Manson's connections to K-12 education and her business background make her a tremendous asset to the Regent discussions. I look forward to working with Regent Manson and benefitting from her commitment to our local community". Ms. Manson said, "I'm thankful to Governor Ducey for appointing me to the Arizona Board of Regents. Higher education in our state has made great strides in quality and access and, as Regent, I will enthusiastically support the great work at all of our state's excellent public universities".

LEGISLATURE BUILDINGS WILL HAVE NEW RENOVATIONS

Prior to the end of his term and resulting departure, David Gowan, Arizona House Speaker, is having security measures added to the building, including refurbishing the House lobby and installing metal detectors and gun lockers. The renovations are reported to cost around \$290,000. These changes are a result of Speaker Gowan's endeavor to have the press undergo background checks prior gaining entry to secured areas of the building. Visitors gain entrance to the lobby via new doors with metal detectors and turnstiles. Employees and credentialed press would still be able to access the existing doors. A 'media welcome center' would be located in the lobby, the House doors and glass wall will be covered with shatter-proof film. Speaker Gowan said in a prepared statement, "While saddened by the need for these measures, the modifications are long overdue in light of the global increase in attacks on public venues. I believe these are reasonable and convenient safety measures that strike a balance between providing for public safety and allowing 'The People's House' to remain accessible to the public". The Senate is also installing security upgrades to cost approximately \$70,000. Senate visitors will also be directed through two already existing doors in the middle of the lobby. Those doors will remain locked and accessed by lawmakers, staff and badge-carrying members of the press by keycards. The lobby front glass will be fitted with shatter-proof film, costing about \$35,000. The Senate building will also have security cameras installed at the sides of the building and in the staff parking area.

STATE JOBLESS RATE IS DOWN

According to the Arizona Department of Administration (DOA), the state's unemployment rate is down due to a substantial increase in jobs statewide. 28,000 non-farm jobs were added in October, reflecting the unemployment rate is 5.2%, down from 5.5% in September. Economic sectors led the pack of added jobs, including 8,000 jobs in the professional and business field, followed by the trade, transportation and utilities sector with 5,100 jobs. DOA reports that natural resources and mining sectors remain stable and no sectors have lost jobs.

DUPLICATE IDS AND LICENSES CAN BE PRINTED FROM HOME

Arizona Department of Transportation, (ADOT) Motor Vehicle Division (MVD) will now allow customers to print duplicate temporary driver licenses or IDs at home. MVD will now allow using plain copy paper at home for customers, instead of the previous requirement to use their special blue tinted stock papers. According to MVD Director Eric Jorgensen, who said, "There was a misconception that the paper used by MVD to print temporary credentials added a level of security, but that wasn't the case. Making this change means people can do this from the comfort of their home on servicearizona.com and MVD staff have more time to serve people who need to visit an office. It's one more way that MVD is getting customers out of line and safely on the road". Until a customer receives the permanent credential through the mail, a receipt showing the customer has applied for a duplicate license or ID can be used. The processing of driver licenses and IDs are the second most common transaction used in MVD offices and thus, waiting lines and waiting times at MVD office should be substantially reduced, helping the office run more efficiently. The blue-tinted MVD credential form is still required for driving permit and commercial driver license

applications. First time driver licenses and IDs require photos, as well as those requiring a photo update, will still need to go to an MVD office.

CHAMBER OF COMMERCE NAMES EDUCATION HEAD

Whitney Chapa has been named the Arizona Chamber of Commerce and Industry's new vice president of education policy and budget. She was previously the executive director of the Arizona State Board of Charter Schools where she was responsible for the state's charter school authorizations, including 530 charter schools. She also was the state policy director of K-12 funding for the Foundation for Excellence in Education and also worked in the Office of Strategic Planning and Budgeting for three years for former Governor Jan Brewer, as the K-12 budget analyst. Ms. Chapa stated, "The Arizona Chamber of Commerce and Industry has made modernizing our K-12 school finance system and replicating educational excellence across the state a top priority. I cannot wait to be a part of this mission to improve educational outcomes, which will only boost Arizona's economic competitiveness". Ms. Chapa is an Arizona native. She received her bachelor's degree in political science from ASU and a master's degree in public policy from Vanderbilt University's Peabody College of Education and Human Development.

LAYOFFS AT FIRST SOLAR IN TEMPE

Solar company First Solar is laying off 1,600 employees nationwide as a result of lower product demand in China, increased sales from competitors and the recent U.S. elections. Although they had previously expected earnings of between \$3.75 and almost \$4 per share, First Solar revised its earning-per-share guidance to a loss of between \$2 and \$4 per share for 2016. The company is the biggest provider of solar panels in the country and is headquartered in Tempe. First Solar employs 6,000 worldwide. The layoffs are to commence in early 2017. The company is reconfiguring their product in response to a changing market, opting to produce advance, efficient panels which can be made substantially less than the current ones. The changes are estimated to cost the company between \$500 million and \$700 million. Many solar companies industry-wide have felt a decline.

PHOENIX COYOTES TO HAVE NEW HOME

The Phoenix Coyotes and ASU have recently announced their partnership for the possible construction of a new arena at the northwest corner of McClintock Drive and Rio Salado Parkway in Tempe. A 16,000 + seat arena is being planned.

Coyotes President and CEO Anthony LeBlanc said, "What we needed to do was formalize an agreement that would allow us both to go talk to public sector partners. Obviously Arizona State University answers into the Arizona Board of Regents and they don't like doing things that they haven't fully briefed the Board of Regents and memorialized it in some fashion. Quite candidly, we're a hockey team that has a group of owners, like Mr. Barroway; we like to do the same thing. So we really felt more comfortable having some parameters of what the final deal would look like if we got everything put together, and we have done that". Partnership discussions started several months ago, including building a practice facility for the Coyotes and a 4,000-seat arena for the Sun Devils new Division-I hockey team, with other school programs like wrestling and gymnastics using that facility. Thereafter, the City of Glendale voted to

cancel the Coyotes' lease agreement of the Gila River Arena. The Coyotes until June 30, 2017 to finalize political, development, architectural and financial plans prior to any construction. They hope construction would be finalized for the 2019-20 NHL season. The cost is expected to be in the \$400 million range, the Coyotes to pay half and a credit line from the City of Tempe via a public-private partnership involving a transaction privilege tax would pay the other half, which would require approval by the State Legislature. The team's arena lease agreement at Gila River Arena expires after this season. The Coyotes have an option to extend that agreement, but the ownership group reiterated they would like the Coyotes relocated to the East Valley.

LOBBYIST NAMED AT AEA

Stephanie Parra has been named the Government Relations Organizational Consultant of the Arizona Education Association (AEA). She will lobby state lawmakers on behalf of public school students and employees. Ms. Parra worked initially in children's justice, followed by at Arizona State University (ASU) and most recently was on the Phoenix Union High School District's Governing Board, Ward 3. AEA President Joe Thomas said, "AEA staff and leadership welcome Stephanie Parra and are excited to have her join our team. Stephanie is a dedicated advocate for children and workers' rights, and we are looking forward to the next legislative session". Ms. Parra is an Arizona native, from Yuma and holds a Bachelor of Science in Justice Studies, a Bachelor of Science in Psychology, and a Master of Education in Higher and Postsecondary Education from ASU.

PEORIA ON BEST CITIES TO LIVE LIST

According to financial news site 247wallst.com, Peoria, Arizona is one of the 50 best cities to live in the country, based on criteria such as affordable housing, crime rates, and employment growth. 550 U.S. cities, with a minimum 65,000 population, were rated. Peoria was rated seventh best, some of its credit based on climate and housing costs, which are 14% cheaper in Peoria than the national average. Peoria's population increased over the past five years by almost 11%. Peoria is the only city in Arizona to make the top 50 cities list.

GLENDALE NAMES POLICE CHIEF

Interim Chief Rick St. John has been appointed Chief of Police for the Glendale Police Department. He has been serving as interim chief since July, following former chief Debora Black's move to become police chief in Prescott. Glendale City Manager Kevin Phelps wrote in a press release, "Chief St. John is an extraordinary law enforcement leader who has earned my highest degree of confidence. With more than two decades of service with the Glendale Police Department, he brings a strong balance of experience, dedication and acumen. He has a deep affection for this city and that is the high level of commitment I wanted in someone at the helm and in this high-profile position". Mr. St. John as been with the Glendale Police Department for more than 20 years, serving in capacities of training officer, assistant chief and interim chief. Mr. St. John is a graduate of ASU. He is married with four children.

ELECTION CAUSED GREAT DIVIDE AMONG SCHOOL FUNDING

Public school advocates restate that the public feels the state has been fleecing K-12 education, which largely influenced voters regarding bond and override ballot questions, according to Kevin McCarthy, President of Arizona Tax Research Association (ATRA). Further, he indicated the election exposes the inequality of funding among districts, which historically happens. Some, but not all, districts can sway constituents to support revenue increases, which expands the imbalances. Mr. McCarthy said, "It's driving the inequity further and further. Every time one of these elections approves bonds or overrides, you deepen the divide between the haves and the have-nots".

TUCSON EMPLOYER PLANNING EXPANSION

Missile systems supplier, Raytheon, in southern Arizona, is planning an expansion near its airport operations in Tucson, including hiring around 2,000 people over a five year period. All skill level jobs will be added, with a focus on technical and engineering positions. Raytheon's expansion will not only benefit Tucson's economy, but also that of the entire state. Over the next decade, billions of dollars to the state's economy are expected. "These rewarding, high technology jobs will support Raytheon's growth and bring even more top talent to this region," said Dr. Taylor W. Lawrence, the company's president, in a press release. Raytheon is the Tucson area's biggest private employer with more than 10,000 local employees. The company is based in Waltham, Massachusetts and has 61,000 employees worldwide.

GREAT AMERICAN TOWER SOLD

The high-rise office building called The Great American Tower, located at 3200 North Central Avenue in uptown Phoenix has recently been sold for \$49 million. EverWest Real Estate Partners and American Realty Advisors sold the 24-story building to a real estate development firm from Colorado, DPC Companies. The tower was built in 1985 and totals 344,527 square feet.

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AMENDMENTS TO INDIAN GAMING COMPACT

Arizona Governor Doug Ducey, together with nine tribal leaders this week, affirmed amendments to the Indian gaming compact, building a connection among the tribes of Arizona, fulfilling a promise made 15 years ago in the original Compact. Governor Ducey said, "It's time for us to modernize this compact to meet the changing needs of the state and to increase the opportunities for tribal gaming. It's a view that's been expressed by tribal leaders over the years, and I agree. The time has come to allow each tribe more

freedom in their gaming operations and give every Nation the opportunity to have a seat at the table”. In exchange for not building future gaming facilities within the Phoenix Metro Area, the amendments grant the relevant tribes a higher gaming class on their respective reservations, together with starting future discussions to improve the Compact in the State, benefitting every tribe involved. Leaders of the following respective tribes joined Governor Doug Ducey: the Ft. McDowell Yavapai Nation, the Tonto Apache Tribe, Salt River Pima-Maricopa Indian Community, the White Mountain Apache Tribe, the Hualapai Tribe, the Havasupai Tribe, the Gila River Indian Community and Navajo Nation.

Fort McDowell Yavapai Nation – President Bernadine Burnette “On behalf of the Fort McDowell Yavapai Nation, I want to thank Governor Ducey and his staff for hosting today’s historic signing ceremony,” said President Bernadine Burnette. “It signifies the State’s respect to engage in meaningful government-to-government negotiations with Fort McDowell and other Arizona tribes to plan for and to ensure the future of tribal gaming in our State.”

Tonto Apache Tribe – Chairwoman Jeri DeCola “As the smallest tribe in rural Arizona, tribal gaming revenue has had a significant impact on the services we provide to our community members. Going forward, our community will look to ensure that the future of tribal gaming continues to support the needs of the rural markets while continuing to benefit all Arizonans. We trust that more tribes will sign on to this important amendment to the compact, and we stand ready to work with Governor Ducey and tribal leaders on the next round of compact discussions.”

Salt River Pima-Maricopa Indian Community – President Delbert W. Ray, Sr.

“Today we reaffirm the promise we made 15 years ago that Indian gaming would be limited, well-regulated and there would be no additional casinos in the Phoenix metropolitan area,” said Delbert W. Ray, Sr., President of the Salt River Pima-Maricopa Indian Community. “I commend Governor Ducey for building on both the legacy of previous Arizona leaders and the incredible success of the 2002 tribal gaming compact. It has created upwards of 15,000 jobs, driven significant economic development, and contributed to making Arizona’s education and health care systems stronger. It is my hope that, with Governor Ducey’s continued leadership, all tribes will be willing to consider signing this agreement to fulfill the promises that were made to other tribes, Arizona’s elected leadership, and the people of Arizona so many years ago.”

White Mountain Apache – Chairman Ronnie Lupe “The White Mountain Apache Tribe is confident that the Compact Amendment and future Compact Negotiations to Modernize Gaming in Arizona will have a Positive Impact upon Indian Gaming in Arizona; to ensure the continued financial and socio-economic prosperity of both Rural and Metropolitan Tribes as well as the State of Arizona.”

Hualapai – Chairman Dr. Damon Clarke “The tribal gaming compact adopted in 2002 has benefited all Arizonans, including non-gaming tribes like Hualapai,” said Hualapai Tribal Chairman Dr. Damon Clarke. “The ability to generate revenue from leasing machine rights to other tribes has provided a lifeline to maintain critical programs in our community. In signing this important amendment, we hope to continue our cooperative relationships with other tribes and the people of Arizona. The Hualapai Tribe remains committed to working with Governor Ducey, as well as other tribal leaders, to ensure the voices of non-gaming tribes are fairly represented.”

Havasupai – Chairman Don E. Watahomigie “The Havasupai look forward to working with the State to extend and update the gaming compact that has provided so much benefit for the people of Supai,” said Chairman Don E. Watahomigie. “We are prohibited by federal law and by our remote location from having gaming on our reservation but the existing compact permits us to transfer our gaming device rights and the revenue from these transfers to the Salt River Pima-Maricopa Indian Community, the Ft. McDowell Yavapai Tribe and the Pascua Yaqui Tribe provide the revenue for the governmental and social services we provide for our members.”

Gila River Indian Community – Governor Stephen Roe Lewis “I am hopeful that all tribes will join the tribes here today and sign this amendment to reaffirm the principles of limited gaming in Arizona. The Community looks forward to working with Governor Ducey to explore what is possible with a revised compact that benefits the State and all Arizona tribes. The Community encourages all Arizona tribes to sign this amendment and we look forward to working with those that do.”

Navajo Nation – President Russell Begaye and Council Speaker LoRenzo Bates

President Russell Begaye states, “I am pleased that Governor Ducey has taken the lead to negotiate amendments that will modernize our gaming compact, so we can better compete for patrons, cut excessive regulation and extend our compact’s duration. These benefits to Navajo gaming will create more jobs for our tribal members.” Council Speaker LoRenzo Bates states, “I extend my appreciation to Gov. Ducey and his administration, the Arizona gaming tribes, and the Navajo Nation Council’s Arizona Gaming Subcommittee, including chairman Alton Joe Shepherd, for bringing us to this point, and I look forward to continuing our negotiations in good faith for the benefit of gaming tribes and the entire state of Arizona.”

DES DIRECTOR TERMINATED

Governor Doug Ducey terminated the employment of Department of Economic Security (DES) Director Tim Jeffries this week, following a series of incidents within the department. Further, five of Director Jeffries’ close associates were also terminated from employment. They are: Chief Accountability Officer Juan Arcellana, Executive Assistant Marie Barker, Chief of Staff Daniel C. Collier, Chief Human Resources Officer Morris Greenidge and Security Operations Administrator Charles Loftus. After many questionable firings at the agency and a reported DES party in Nogales, where Mr. Jeffries paid for alcohol for employees, which was investigated by the Governor’s Office, Governor Ducey terminated the director. After a brief meeting with Governor Ducey’s chief of staff, general counsel and state human resources director, Mr. Jeffries was escorted from DES headquarters. Governor Ducey appointed his chief of operations, Henry Darwin, as DES interim director until a permanent Director is designated. A statement from the Governor’s office said, “This is the state’s largest agency, with more than 7,000 employees. For several weeks, we have been engaged in a careful investigation of the agency. Given its size and impact on the citizens of our state, it required that level of attention. As a result of that review, Governor Ducey has taken appropriate action today to move the agency forward in a way that will ensure we are meeting our mission of assisting Arizona’s most vulnerable citizens”. Mr. Jeffries was paid over \$215,000 annually, and was the second-highest paid agency director. Mr. Jeffries fired 72 staff members who he called “bullies, liars and bad actors” two years

ago. Many employees were fired without cause, including minorities, women, older and ill employees. Mr. Jeffries stated that the almost 500 DES employees who were let go “exited themselves.” About half of those employees fired had receive merit raises for outstanding performance at their respective jobs, resulting in Governor Ducey taking away Mr. Jeffries power to fire employees. He is the fifth agency director fired by the Governor.